



Los Angeles County  
Board of Supervisors

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July 13, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

John F. Schunhoff, Ph.D.  
Interim Director

Gail V. Anderson, Jr., M.D.  
Interim Chief Medical Officer

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT  
(ALL DISTRICTS)  
(3 VOTES)**

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

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**SUBJECT**

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To improve health  
through leadership,  
service and education.*

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC – Various \$3,500
- (2) Account Number Harbor – Various \$5,000
- (3) Account Number LAC+USC – 9030906 \$5,000
- (4) Account Number LAC+USC – Various \$5,000
- (5) Account Number LAC+USC – Various \$7,217
- (6) Account Number LAC+USC – Various \$8,333
- (7) Account Number Harbor – 9687841 \$108,410



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Trauma patients who received medical care at non-County facilities:  
(8) Account Number EMS – 221 \$2,222

Total All Accounts: \$144,682

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (6) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (7) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (8) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$144,682.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and

related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John F. Schunhoff", with a stylized, flowing script.

JOHN F. SCHUNHOFF, Ph.D.  
Interim Director

JFS:lg

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: JULY 13, 2010

Total Gross Charges	\$59,286	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$59,286	Date of Service	Various
Compromise Amount Offered	\$3,500	% Of Charges	6 %
Amount to be Written Off	\$55,786	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$59,286 for medical services rendered. The patient has ATP with no liability. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	\$1,582.46	\$1,582.46	11 %
LAC+USC Medical Center *	\$59,286	\$3,500	23 %
Other Lien Holders *	\$1,347.25	\$1,347.25	9 %
Patient	-	\$3,570.29	24 %
Total	-	\$15,000	100 %

\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. Lien holders are receiving 32% of the settlement (23% to LAC+USC Medical Center and 9% to others) with the patient receiving the remaining 24% of the settlement.

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: JULY 13, 2010

<b>Total Gross Charges</b>	\$67,093	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$67,093	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	7 %
<b>Amount to be Written Off</b>	\$62,093	<b>Facility</b>	H/UCLA Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$67,093 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement *</b>
<b>Lawyer's Fees</b>	\$5,730	\$5,730	38 %
<b>Lawyer's Cost</b>	-	-	-
<b>H/UCLA Medical Center</b>	\$67,093	\$5,000	33 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$4,270	29 %
<b>Total</b>	-	\$15,000	100 %

\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The lien holder is receiving 33% of the settlement with the patient receiving the remaining 29% of the settlement.

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: JULY 13, 2010

Total Gross Charges	\$99,552	Account Number	9030906
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$99,552	Date of Service	6/5/09 – 6/16/09
Compromise Amount Offered	\$5,000	% Of Charges	5 %
Amount to be Written Off	\$94,552	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$99,552 for medical services rendered. The patient was not eligible for Medi-Cal (not linked) and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	-	-	-
LAC+USC Medical Center *	\$99,552	\$5,000	33 %
Other Lien Holders *	\$96,371.10	\$3,333.32	23 %
Patient	-	\$1,666.68	11 %
Total	-	\$15,000	100 %

\* Lien holders are receiving 56% of the settlement (33% to LAC+USC Medical Center and 23% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: JULY 13, 2010

<b>Total Gross Charges</b>	\$67,661	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$67,661	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	7 %
<b>Amount to be Written Off</b>	\$62,661	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC-USC Medical Center and incurred total inpatient and outpatient gross charges of \$67,661 for medical services rendered. The patient has restricted Medi-Cal that only partially covered the services provided. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement *</b>
<b>Lawyer's Fees</b>	\$4,000	\$4,000	27 %
<b>Lawyer's Cost</b>	\$1,377.65	\$1,377.65	9 %
<b>LAC+USC Medical Center</b>	\$67,661	5,000	33 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$4,622.35	31 %
<b>Total</b>	-	\$15,000	100 %

\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The lien holder is receiving 33% of the settlement with the patient receiving the remaining 31% of the settlement.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: JULY 13, 2010

<b>Total Gross Charges</b>	\$40,092	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$40,092	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$7,216.56	<b>% Of Charges</b>	18 %
<b>Amount to be Written Off</b>	\$32,875.44	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$40,092 for medical services rendered. The patient has ATP with no liability. The patient's third party liability (TPL) claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$10,000	\$10,000	33 %
<b>Lawyer's Cost</b>	\$500	\$500	2 %
<b>LAC+USC Medical Center *</b>	\$40,092	\$7,216.56	24 %
<b>Other Lien Holders *</b>	\$14,855.54	\$2,783.44	9 %
<b>Patient</b>	-	\$9,500	32 %
<b>Total</b>	-	\$30,000	100 %

\* Lien holders are receiving 33% of the settlement (24% to LAC+USC Medical Center and 9% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

### DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6  
DATE: JULY 13, 2010

Total Gross Charges	\$125,402	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$125,402	Date of Service	Various
Compromise Amount Offered	\$8,333.33	% Of Charges	7 %
Amount to be Written Off	\$117,068.67	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$125,402 for medical services rendered. The patient was denied Medi-Cal and has ATP with no liability. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$8,333.33	\$1,500	6 %
Lawyer's Cost	\$1,008.35	\$1,008.35	4 %
LAC+USC Medical Center	\$125,402	\$8,333.33	33 %
Other Lien Holders	-	-	-
Patient	-	\$14,158.32	57 %
Total	-	\$25,000	100 %

\* The attorney agreed to reduce his fees from \$8,333 (33%) to \$1,500 (6%).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7  
DATE: JULY 13, 2010

<b>Total Balance</b>	\$216,819	<b>Account Number</b>	9687841
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$216,819	<b>Date of Service</b>	12/1/08 - 12/22/08
<b>Compromise Amount Offered</b>	\$108,409.50	<b>% Of Charges</b>	50 %
<b>Amount to be Written Off</b>	\$108,409.50	<b>Facility</b>	H/UCLA Medical Center

## JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 8  
DATE: JULY 13, 2010

<b>Total Charges (Providers)</b>	\$101,494	<b>Account Number</b>	EMS 221
<b>Amount Paid to Providers</b>	\$15,284	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 1/10/04 - 1/15/04
<b>Compromise Amount Offered</b>	\$2,222	<b>% of Payment Recovered</b>	15 %

## JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at Cedars Sinai Medical Center and incurred total inpatient and physician charges of \$101,494 for medical services rendered. The providers have received payment from the Los Angeles County Trauma Fund in the amount of \$15,284. The patient's third-party claim has been settled for \$20,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement ((\$20,000))</b>
<b>Attorney fees</b>	\$8,000	\$8,000	40 %
<b>Attorney cost</b>	\$951	\$651	3 %
<b>Los Angeles County *</b>	\$101,494	\$2,222	11 %
<b>Other Lien Holders</b>	\$318,806	\$4,400 **	22 %
<b>Patient</b>	\$406,062	\$4,727	24 %
<b>Total</b>		\$20,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

\* Proposed settlement reimburses the Trauma Fund 15% (\$2,222) of amount paid to Cedars Sinai Medical Center.

\*\* Includes payment of \$3,400 to Olive View Medical Center.